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Agenda item 115
Financial reports and audited financial statements, and reports of the Board of Auditors

Financial reports and audited financial statements, and reports of the Board of Auditors

Report of the Advisory Committee on Administrative and Budgetary Questions

1. In accordance with financial regulation 12.11, the Advisory Committee on Administrative and Budgetary Questions considered the report of the Board of Auditors on the financial report and audited financial statements for the United Nations peacekeeping operations for the 12-month period ended 30 June 2000.[1] The report was considered in advance form, in English only, as the printed version was not available. The Committee also had before it a report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the period ending 30 June 2000 (A/55/380/Add.2).

2. **The Advisory Committee is of the opinion that the information provided in the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors should include the progress achieved, as well as the results and changes produced by implementing those recommendations or by the corrective measures taken in response.**

3. Financial issues are covered in chapter II, paragraphs 13 to 47, of the Board's report. The Advisory Committee inquired about the contingent liabilities of $68 million disclosed in note 9 to the financial statements, indicated in paragraph 14 of the report. The Committee notes that of the total, an amount of $39.9 million relates mainly to claims for contingent-owned equipment, based on the old method of reimbursement, which was in place before 1 July 1996. The Committee points out that the new procedures for contingent-owned equipment would not give rise to this situation, as funds are authorized in advance by the General Assembly for this purpose. The Committee notes that there is a difference of opinion between the Board and the Administration on the treatment in the accounts of the $39.9 million. As indicated in paragraph 17 of the Board's report:

> "The Administration is of the opinion that, since the funding for the claims is unavailable it is not possible to obligate such amounts until a future action is taken by the General Assembly on appropriations for funding such claims and therefore the claims are recognized as a contingent liability pending future decisions by the General Assembly. The Board is of the view that the claims represent a present obligation as it relates to benefits already received in the current period by the United Nations as verified by the Department of Peacekeeping Operations." (See also A/55/380/Add.2, para. 5)

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4. The Advisory Committee had an extensive exchange of views with the members of the Audit Operations Committee and with representatives of the Secretary-General on this issue. The Committee understands that, for the two closed missions concerned, the United Nations Operation in Somalia (UNOSOM) and the United Nations Assistance Mission for Rwanda (UNAMIR), the Administration, in the context of final performance reports, will be submitting proposals to the General Assembly on the funding requirements to cover the pending claims of troop-contributing countries. Pending submission of these final performance reports and related action by the General Assembly, it is not possible to obligate funds and reflect them in the financial statements; the amounts certified by the Secretary-General are therefore shown as contingent liabilities. The Committee recalls that the Administration has followed the same practice in the past in cases such as the United Nations Peace Forces headquarters. **Under the circumstances, the Advisory Committee has concluded that the procedure followed by the Administration is broadly in conformity with regulations 3.10 and 4.1 of the Financial Regulations and Rules of the United Nations.**

5. The balance of the contingent liability includes an amount of $1.3 million related to pending claims from Governments for damage to contingent-owned equipment, and $26.8 million related to claims under litigation arising from UNOSOM.

6. The Advisory Committee welcomes the comments and recommendations of the Board contained in paragraphs 21 and 22 of its report regarding the need to avoid setting off accounts payable against accounts receivable, thus ensuring compliance with the United Nations accounting standards. The representatives of the Secretary-General informed the Committee that this issue related to two missions that owed each other funds and that the matter had been corrected. **The Advisory Committee, nevertheless, stresses the need to ensure that this practice is not extended to other operations of the United Nations.**

7. In addition, the Advisory Committee notes that the treatment of income, referred to in paragraphs 33 and 34 of the Board's report, concerns an issue of transparency in income and expenditures transactions related to services rendered by United Nations peacekeeping missions to other partners in the area of operation. The representatives of the Secretary-General confirmed that, henceforth, such income would be recorded under miscellaneous income.

8. The Advisory Committee is seriously concerned, however, that an amount of $2.1 million was obligated by the United Nations Transitional Administration in East Timor (UNTAET) without valid supporting documentation, as indicated in paragraph 25 of the Board's report. **The Advisory Committee cannot accept the statement made by the Administration in paragraph 8 of the report of the Secretary-General (A/55/380/Add.2), indicating that the audit findings in respect of UNTAET "were by their nature exceptional, and that the mission has taken note of the need to comply strictly with rule 104.1 of the Financial Regulations and Rules". The Committee is of the opinion that raising obligations without valid supporting documentation creates a potential for fraud.**

9. The Advisory Committee recalls that, in paragraph 10 of its previous report (A/54/801), it noted with concern the large overdue amounts related to staff and non-staff activities, and requested the Board to follow up on this matter in its next audit. In this regard, the Committee notes that the Board noted an improvement in the recoverability of staff debts.[2] The Committee was provided with information, upon inquiry, showing that the amount related to staff receivables, at 30 June 1999, was $1,218,902, whereas for the same number of missions, at 30 June 2000, it amounted to $822,620. The Committee was further informed that the improvement was due to a number of measures taken, including, among others, enforcement of staff "check-out" procedures, whereby accounts receivable were recovered from personnel prior to their departure from the missions; enforcement of recovery policy by deducting telephone and liberty mileage charges from the mission subsistence allowance or salary, as appropriate; and more vigorous follow-up action from Headquarters.

10. As regards the implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment,[3] **the Advisory Committee requests that a comprehensive assessment be made, in the context of the next audit, of all aspects of the implementation of the arrangements for contingent-owned equipment, preferably at selected representative missions.** Lessons learned from such a comprehensive audit

would be useful and would be available to other missions. **The Advisory Committee is aware that the new procedures constitute a very complex process of inspection and reporting on contingent-owned equipment and self-sustainment. The Committee invites the Board to ascertain the extent to which the process is being implemented efficiently and in a timely manner, and whether there is capacity at the field mission to discharge the many responsibilities and tasks entrusted to the mission under the arrangements for contingent-owned equipment. The Board is also invited to inquire about the adequacy and effectiveness of resident auditors, since the effective performance of this resource is a valuable tool for the ultimate achievement of the overall goals of external audit** (see A/55/828, para. 4).

11. **The Advisory Committee trusts that the changes recommended by the Board in paragraph 59 of its report, namely, that the Administration should instruct field missions to send verification reports in respect of contingent-owned equipment directly to the Finance Management and Support Service, where the comparison to the memoranda of understanding should be performed, and accepted by the Administration, will eliminate the delays in the processing of claims for contingent-owned equipment reported by the Board.** The Committee notes, from the statement made by the Administration in paragraph 10 of document A/55/380/Add.2, that the Logistics and Communications Service will continue to assist in the technical aspect of the review of the verification reports. **The Advisory Committee understands that such technical reviews will be undertaken on the basis of request from the Finance Management and Support Service, rather than on the basis of a mandatory requirement.**

12. The Advisory Committee welcomes the considerable attention given in the audit to inventory management by the Field Assets Control System. The Committee notes that the Board expressed reservations about note 8 to the financial statements on non-expendable equipment, where it was not possible to reconcile the value of $457.3 million with information available on the Field Assets Control System. The Board made three important recommendations in paragraphs 67, 72 and 80 of its report. In this connection, the Committee recalls its recommendation regarding the need for the submission of a progress report on the implementation of the initial stage of the Field Assets Control System, made in the context of its report (A/54/841, para. 38). The progress report has now been issued (A/55/845). The Committee understands that the Office of Internal Oversight Services has completed an evaluation report on the Field Assets Control System. The Committee will submit its comments in this regard when it considers the report of the Secretary-General.

13. The Advisory Committee was informed that the Field Administration and Logistics Division had instructed all missions to expedite the processing of all transactions relating to non-expendable property and to ensure that information in the Field Assets Control System was regularly updated. Other measures taken in this regard include training of staff members, periodical physical inventory counts, provision of bar codes for non-expendable property and regular update of the Field Assets Control System databases of the missions.

14. The issue of procurement is covered in paragraphs 82 to 122 of the report of the Board of Auditors. The Advisory Committee notes the recommendation in paragraph 95 that the Administration undertake a review of current resources available to meet peacekeeping procurement needs, establish more systems contracts where possible and encourage proper procurement planning. The Administration, in paragraph 16 of the implementation report (A/55/380/Add.2), indicates that, besides continuing to explore additional areas to establish systems contracts, the Secretary-General is undertaking further reviews and follow-up of the procurement reform. Under the circumstances, the Committee is of the opinion that the statement reported in paragraph 96 of the Board of Auditors report, as to the support by the Department of Peacekeeping Operations for the establishment of a fully resourced peacekeeping section dedicated to its procurement requirements, is premature.

15. The Advisory Committee was informed that the Under-Secretary-General for Peacekeeping Operations had received delegated authority to procure goods and services for up to $1 million, where those goods and services were available locally in the field missions at cheaper prices, and were not covered by systems contracts issued by the Headquarters Procurement Division. The Committee recalls that this increase was recommended in paragraph 169 (f) of the report of the Panel on United Nations Peace Operations (A/55/305-

S/2000/809). This delegation permits the re-delegation of authority, in whole, or in part, to heads of mission or chief administrative officers, certain conditions having been met, as deemed appropriate by the Under-Secretary-General for Peacekeeping Operations, who is held ultimately responsible. The Committee was further informed that this delegation of authority was for a trial period of two years, and that it would be reviewed to ascertain the merits of its continuation. **The Advisory Committee requests that it be appraised of the results of this review. In this connection, the Committee recalls the observation made in paragraph 6 of its report (A/55/458), that before delegation of authority is made to the field there is need to ascertain that adequate capacity exists both at Headquarters and the field to discharge and monitor the functions that have been delegated.**

16. In the course of its review of the Board's report, the Advisory Committee was made aware of the critical need for training and retention of staff in missions, not only in procurement functions but in inventory management, as well. The Committee must also express concern about the fact that, often, less priority seems to be given to the functions of procurement and inventory management in field missions, although these areas are frequently affected by high vacancy rates, because personnel, once trained, tend to leave for other assignments. This seems to account, for example, for instances such as those referred to by the Board in its report, which cited lack of procurement planning, or non-receipt of vendor evaluation reports. **The Advisory Committee stresses that procurement and inventory management are functions that account for large investment by the Organization, and that it is essential for all concerned to take steps to ensure that adequate qualified staff are assigned, trained and retained to perform the related activities and tasks in field missions.**

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5), vol. II.

[2] Ibid., chap. II, para. 20.

[3] Ibid., paras. 48-63.

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Financing of the United Nations Angola Verification Mission and the United Nations Observer Mission in Angola

Financial performance report of the United Nations Observer Mission in Angola for the period from 1 July 1999 to 30 June 2000

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance report of the United Nations Observer Mission in Angola (MONUA) for the period from 1 July 1999 to 30 June 2000 (A/55/844). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. By its resolutions 53/228 of 8 June 1999 and 54/17 B of 15 June 2000, the General Assembly appropriated a total amount of $15,049,440 gross ($14,306,540 net) for the liquidation of MONUA for the period 1 July 1999 to 30 June 2000, inclusive of $369,153 for the support account and $72,387 for the United Nations Logistics Base at Brindisi, Italy. As indicated in paragraph 16 and annexes I and II to the report of the Secretary-General (A/55/844), total expenditures for the same period amounted to $14,231,340 gross ($13,402,740 net). The resulting unutilized balance amounts to $818,100 gross ($903,800 net).

3. The unutilized balance resulted from reduced requirements under military personnel ($204,200), civilian personnel ($575,700) and operational requirements ($123,900), partially offset by over-expenditure under staff assessment ($85,700).

4. The Advisory Committee notes from paragraphs 1 to 3 of annex II to the report of the Secretary-General that the unutilized balance of $204,200 under military personnel was primarily attributable to lower than budgeted requirements under troop costs as well as to savings under the emplacement, rotation and repatriation of troops.

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5. With regard to savings under international and local staff ($575,700), the Advisory Committee notes from paragraph 6 of annex II to the report of the Secretary-General that these were mainly due to the fact that actual salary costs for international staff were lower than the standard costs applied in the budget and some local staff were employed under special service agreements, which resulted in lower actual costs.

6. The Advisory Committee was informed that, at 28 February 2001, the amount of $31.1 million was reimbursed for troops for the period 1 July 1997 to 30 June 2000.

7. With regard to reimbursement for contingent-owned equipment, the Advisory Committee was informed that the amount was $21 million; the estimated amount owed at 28 February 2001 was $84.8 million and unliquidated obligations for contingent-owned equipment amounted to $49.4 million. As regards death and disability, at 28 February 2001, 91 claims had been settled, amounting to $2.8 million, the balance of obligations at 15 March 2001 amounted to $3.3 million and 38 claims were remaining.

8. The Advisory Committee was informed that, at 19 March 2001, the cash position amounted to $95.5 million. Assessments on Member States at 28 February 2001 for the period from 3 January 1989 to 30 June 2000 amounted to $1,222.1 million, payments received totalled $1,144.3 million and the amount outstanding was $77.8 million. Total unliquidated obligations at 15 March 2001 for the period from 1 July 1999 to 30 June 2000 were $2,311,300 ($503,400 for Governments and $1,807,900 for others).

9. With regard to the sale of surplus assets to the Government of Angola, upon enquiry, the Advisory Committee was informed that the total value of the contract of sale was $8,332,642, out of which the Government had made a down payment of $833,264, or 10 per cent of the total value of the contract, and the balance of $7,499,378 was to be paid within 18 months from the date of receipt of the items by the Government. The Committee was informed that discussions had been under way concerning final payment; the Committee requests that it be informed of the results.

10. As indicated in paragraph 2 of the earlier report of the Advisory Committee on the financing of MONUA (A/54/831), total expenditures for the period from 1 July 1998 to 30 June 1999 amounted to $132,949,580 gross ($129,664,280 net), compared with the appropriated amount of $133,099,080 gross ($128,876,680 net) for the same period. The result was an unspent balance of $149,500 gross but additional requirements of $787,600 net. The Committee requested an explanation of this and was informed that the staff assessment provision had been underspent, resulting in savings under staff assessment and a gross unspent balance; however, the total net expenditure exceeded the total net appropriation owing to an additional expenditure of $30,945,500 incurred under contingent-owned equipment (see A/54/809, annex I).

11. The action to be taken by the General Assembly in connection with the financing of MONUA is indicated in paragraph 20 of the report of the Secretary-General (A/55/844). **The Advisory Committee recommends acceptance of the proposals of the Secretary-General.**

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Financing of the United Nations Mission of Observers in Tajikistan

Financial performance report of the United Nations Mission of Observers in Tajikistan for the period from 1 July 1999 to 30 June 2000

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Mission of Observers in Tajikistan (UNMOT) for the period from 1 July 1999 to 30 June 2000 (A/55/816). During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information.

2. In its resolution 53/19 B of 8 June 1999, the General Assembly appropriated an amount of $18,708,926 gross ($17,475,926 net) to cover the cost of UNMOT for the period from 1 July 1999 to 30 June 2000, inclusive of an amount of $930,639 for the support account and an amount of $182,487 for the United Nations Logistics Base at Brindisi, Italy. However, as indicated in paragraph 7 of the report of the Secretary-General (A/55/816), an amount of $16,370,309 gross ($15,291,434 net) had been assessed up to 15 May 2000, when the mandate of the Mission expired. As indicated in paragraph 12 and table 1 of the same report, expenditure for the period totalled $13,945,200 gross ($13,110,520 net), resulting in an unencumbered balance of $4,754,700 gross ($4,365,400 net).

3. The unencumbered balance was due to lower costs for military personnel ($748,900), civilian personnel ($3,182,900), operational requirements ($377,900), other programmes ($55,700) and staff assessment ($389,300).

4. With regard to reductions under military personnel, the Advisory Committee notes from paragraph 1 of annex II to the report of the Secretary-General that the unutilized balance of $748,900 was largely due to the fact that military observers whose tour of duty ended were not replaced during the period, in view of expected expiration of the Mission's mandate on 15 May 2000.

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5. In connection with civilian personnel, the Advisory Committee notes from paragraphs 2 to 4 of annex II to the report of the Secretary-General (A/55/816) that the unencumbered balance of $3,182,900 under civilian personnel was in large part due to a saving of $363,400 under civilian police; this was mainly attributable to the fact that only 2 out of 12 civilian police monitors authorized were deployed. Savings of $2,659,300 under international and local staff was due to the fact that as a result of the gradual transfers of UNMOT international personnel to other peacekeeping operations, the Mission experienced an average vacancy rate of 39.1 per cent for international staff during the period.

6. The Advisory Committee was informed that the estimated amount owed at 22 March 2001 for contingent-owned equipment was $43,992 and unliquidated obligations for contingent-owned equipment amounted to $74,412. With regard to death and disability, at 22 March 2001, four claims had been settled, amounting to $175,654, the balance of obligations amounted to $100,000 and three claims were pending.

7. The Advisory Committee was also informed that, at 19 March 2001, the cash position amounted to $9.3 million. Assessments on Member States for the period from 1 January to 31 December 2000 amounted to $8,924,773, payments received totalled $3,299,606 and the amount outstanding was $2,431,289, at 22 March 2001. Total unliquidated obligations for the period from 1 July 1999 to 30 June 2000 were $2,209,511 ($126,409 for Governments and $2,083,102 for others), at 31 December 2000.

8. The actions to be taken by the General Assembly in connection with the financing of UNMOT for the period from 1 July 1999 to 30 June 2000 are indicated in paragraph 15 of the report. **The Advisory Committee recommends that the amount of $18,708,926 gross ($17,475,926 net) appropriated by the General Assembly in its resolution 53/19 B of 8 June 1999 for the maintenance of UNMOT for the period from 1 July 1999 to 30 June 2000 be reduced to $16,370,309 gross ($15,291,434 net). The Committee also recommends that the consequential unencumbered balance of $2,416,109 gross ($2,180,934 net) for the period from 1 July 1999 to 30 June 2000 be credited to Member States in a manner to be decided by the General Assembly.**

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Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

Report of the Advisory Committee on Administrative and Budgetary Questions

I. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Civilian Police Mission in Haiti (MIPONUH) for the period from 1 July 1999 to 30 June 2000 (A/55/753) and on the final disposition of the assets of the United Nations Support Mission in Haiti (UNSMIH), the United Nations Transition Mission in Haiti (UNTMIH) and MIPONUH (A/55/667). During its consideration of the matter, the Committee met with representatives of the Secretary-General, who provided additional information.

Financial performance report of the United Nations Civilian Police Mission in Haiti for the period from 1 July 1999 to 30 June 2000

2. MIPONUH was established by the Security Council in its resolution 1141 (1997) of 28 November 1997, as a follow-on mission to UNTMIH for a one-year period beginning on 1 December 1997. Subsequently, in its resolution 1277 (1999) of 30 November 1999, the Security Council decided to continue MIPONUH in order to ensure a phased transition to the International Civilian Support Mission in Haiti (MICAH) by 15 March 2000 (see A/54/659, paras. 2-5).

3. In its resolution 53/222 B of 8 June 1999, the General Assembly appropriated an amount of $18,641,616 gross ($17,618,416 net) for the maintenance and liquidation of MIPONUH for the period from 1 July 1999 to 30 June 2000, inclusive of $927,537 for the support account for peacekeeping operations and $181,879, for the United Nations Logistics Base at Brindisi, Italy (UNLB). As indicated in table 1 of document A/55/753, the related expenditure amounted to $18,082,500 gross ($16,952,200 net), inclusive of $904,000 in unliquidated obligations. The resulting unencumbered balance of $559,116 gross ($666,216 net) represents, in gross terms, 3 per cent of the amount appropriated.

4. As indicated in paragraph 5 of document A/55/753, pursuant to the provisions of section IV of General Assembly resolution 49/233 A of 23 December 1994, the Advisory Committee concurred, in a letter from the Chairman of the Committee to the Secretary-General dated 10 December 1999, with the Controller's

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request of 6 December 1999 to enter into additional commitments of $2,201,284 gross ($1,987,784 net) to meet the cost of extending the MIPONUH mandate.

5. With regard to the status of reimbursement to troop-contributing Member States, the Advisory Committee was informed that, at 31 December 2000, reimbursement for formed units amounted to $4,112,070 (up to 15 March 2000), and no further amounts were owed for formed units. Reimbursement for contingent-owned equipment amounted to $417,346, estimated amounts owed for contingent-owned equipment amounted to $761,995 and unliquidated obligations for contingent-owned equipment amounted to $47,500. In addition, an amount of $747,995 for contingent-owned equipment is held in accounts payable.

6. As regards death and disability compensation, an amount of $300,000 was paid; there were six claims; unliquidated obligations amounted to $155,000; and three claims were pending.

7. Furthermore, the Advisory Committee was informed that, at 31 December 2000, the Mission's cash position was $10 million and unliquidated obligations for the period from 1 July 1999 to 30 June 2000 amounted to $656,960. The total amount assessed was $95.1 million; payments received were $75.4 million; and amounts outstanding were $19.7 million.

8. As indicated in paragraph 6 of document A/55/753, as a result of the extension of the mandate of MIPONUH, it was not possible to complete all of the liquidation tasks by 30 June 2000. In a letter to the Secretary-General dated 16 June 2000, the Advisory Committee concurred with the request of the Controller in his letter of the same date to continue the liquidation of the Mission up to 30 September 2000, to cover the related costs from within existing resources and to report to the General Assembly in the performance report of MIPONUH for the period ending 30 June 2000.

9. The Advisory Committee notes from paragraph 10 of document A/55/753 that it is proposed to retain an amount of $164,200 gross ($142,900 net) from the unencumbered balance for the completion of the liquidation tasks at Headquarters during the period from 1 July 2000 to 30 June 2001 ($143,900 gross) and to cover the cost of some tasks relating to the final audit of the Mission ($20,300 gross). At its request, the Committee was provided with detailed information on the liquidation activities to be carried out at Headquarters during the period from 1 July 2000 to 30 June 2001.

10. **In this connection, the Advisory Committee expresses concern about the weakness in liquidation planning identified in the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2000.**[1] The Board found with respect to MIPONUH that various requirements, as stipulated in the provisional liquidation manual, had not been adhered to or the planning documents could not be provided to audit. The Board found that planning documentation was not available at Headquarters for evaluation or approval and monitoring purposes. The Committee notes that the lack of timely accessibility of supporting documentation is of concern to the Board because not only does it prevent the Board from reviewing documentation but it is also one of the reasons for the delay in liquidating a mission in a timely manner. **The Advisory Committee recommends that, in the future, the Secretary-General's requests for resources for mission liquidation be accompanied by a detailed liquidation plan, including related human resources and a timetable for completion of all tasks and activities in the field and at Headquarters.**

11. The Advisory Committee notes that in the case of MIPONUH, as in other missions (e.g., the United Nations Mission in the Central African Republic (MINURCA) and the United Nations Mission of Observers in Tajikistan (UNMOT)), weaknesses in the implementation of liquidation activities may reflect, as pointed out by the Board, the lack of qualified staff or the fact that staff were not available. As noted below MIPONUH maintained a high vacancy rate of international and local staff.

12. The Advisory Committee notes from paragraph 9 and annex II, paragraph 4, of document A/55/753 that additional requirements for international and local staff costs resulted from the extension of the mandate of the Mission; however, the over-expenditure was limited to $267,900 owing mainly to savings arising from the high vacancy rates experienced by the Mission (25 per cent for international staff and 17 per cent for local staff).

13. **In the view of the Advisory Committee, when a mission is being liquidated, it is advisable to retain**

the personnel who have been handling the operation of the mission rather than to recruit temporary staff. In such cases, after the mission is liquidated, all efforts should be made to place the personnel retained for liquidation in other missions so that the Organization would continue to have recourse to their expertise and experience.

14. The Advisory Committee notes that expenditures amounting to $350,030, related to the lease of military-type vehicles for use by the formed police unit during the period under review, was recorded in the prior financing period due to an administrative oversight (A/55/753, annex II, para. 8). In this connection, the Committee recalls that the Board of Auditors had reiterated, in its report on the accounts of the United Nations operations for the financial period ended 30 June 2000,[2] its recommendation that valid expenditure incurred in a financial period should be accrued in the same financial period. **The Advisory Committee endorses the view of the Board that the Secretariat should continue to improve on processes ensuring accurate financial reporting.**

15. In paragraph 11 of annex II to document A/55/753, it is indicated that there was no requirement for the refurbishment of equipment before shipment to UNLB. The Advisory Committee notes from annex II A to document A/55/667 that 1,047 items, with an inventory value of $1,710,000, were transferred to UNLB and 3,130 items, with an inventory value of $9,018,200, were transferred to MICAH. The Committee sought clarification as to whether or not the equipment transferred to MICAH required refurbishment and the costs of the required refurbishment were borne by the receiving mission before transferring assets to UNLB. The Committee was informed that the assets had been transferred to MICAH at no cost. It is the view of the Secretariat that as long as the Department of Peacekeeping Operations fulfils its first priority in this regard, i.e., transfers to the other peacekeeping operations, it may make available surplus assets from peacekeeping operations to any United Nations activity funded from assessed contributions that has a demonstrated need for it.

16. The Advisory Committee recalls that in paragraph 40 of its report of 1 April 1999 (A/53/895), it had noted that vehicles that were damaged and deemed to be unrepairable or beyond economical repairs were often cannibalized to retrieve re-usable parts for other repairs and that the remaining scrap was accumulated for extended periods at scrap yards awaiting disposal. The Committee remains concerned with the possible environmental problems that may result from inadequate disposal of unusable vehicles and other equipment. **The Advisory Committee recommends that, in the future, information be provided in the performance reports of missions in liquidation on the plans and activities under implementation to address environmental consequences of United Nations peacekeeping operations as they relate to equipment, vehicles and other materials requiring disposal.**

17. The Advisory Committee notes that the performance report does not disclose miscellaneous income received during the financing period (e.g., income received from the sale of equipment). **The Advisory Committee recommends that in the future the performance reports of peacekeeping missions disclose the miscellaneous income received during the reporting period in the corresponding tables.**

Final disposition of assets of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

18. The report (A/55/667) provides details on the final disposition of the assets of UNSMIH, UNTMIH and MIPONUH. The inventory value of the assets of the Missions at 15 March 2000 amounted to some $27.2 million. This included assets identified as meeting the requirements of other United Nations missions, which were transferred to other United Nations missions, to Headquarters or to UNLB for temporary storage, with an inventory value of $12.2 million (or 46 per cent of total value); assets sold to other organizations or sold within the mission area, with an inventory value of $9.4 million (or 34 per cent of total asset value); assets written-off, with an inventory value of $5.1 million (or 19 per cent of the total value); and assets stolen during the course of the mission, with an inventory value of $0.3 million (or 1 per cent of total value) (A/55/667, paras. 4 and 5).

19. According to the report of the Secretary-General, the disposal of the assets of UNSMIH/UNTMIH/MIPONUH was guided by the principles endorsed by the General Assembly in section VII of its resolution

49/233 A of 23 December 1994, as summarized in paragraph 3 of document A/55/667. **The Advisory Committee points out that, in accordance with the guidelines, as regards assets left with the national authority, it is essential to request approval by the General Assembly of any such disposition of mission assets, which would provide for free-of-charge contribution to the Government (see A/55/667, para. 3 (d)).**

20. As indicated in paragraph 6 of document A/55/667, assets written off or stolen amounted to $5,387,600, including property unaccounted for ($648,100), unserviceable assets due to wear and tear ($2,919,600), assets lost in hostile action ($16,600), accident ($492,600), damaged assets beyond repair ($524,500), uneconomical to recover ($453,600) and assets lost due to theft ($332,500). As shown in annex IV, sections A and C, to the report, 312 items were reported as unaccounted for and 326 items were reported as thefts. Measures taken to address this problem are discussed in paragraphs 6(a) and 6(g) of the report.

21. **The Advisory Committee expresses concern at the large number of inventory items reported as unaccounted for and stolen.** The Advisory Committee notes that items reported as unaccounted for include 20 prefabricated buildings, 152 radio and other communication equipment, 4 items of office equipment (including 2 safes), 37 computers and other data-processing equipment and 99 items of other equipment (including 9 generators and 42 air conditioners). The Committee believes that, although a number of unaccounted for items may be attributable to lack of proper inventory control to account for unserviceable/cannibalized equipment, as indicated in paragraph 6(a), the majority of the unaccounted for items may be stolen assets. **The Advisory Committee trusts that the measures described in paragraph 20 above will prove effective. Moreover, the Committee trusts that the proper use of the field assets control system, including ensuring that it is complete, continuously updated and accurately maintained, as well as the measures described in the report to avoid losses of United Nations property, should result in better control of United Nations property in peacekeeping missions.**

Recommendations

22. **With respect to actions to be taken by the General Assembly, subject to the comments in the paragraphs above, the Advisory Committee recommends that the General Assembly approve the proposal of the Secretary-General in connection with the financing of MIPONUH, as indicated in paragraph 13 of the report of the Secretary-General (A/55/753).**

23. **The Advisory Committee also recommends that the General Assembly take note of the report on the final disposition of assets of UNSMIH, UNTMIH and MIPONUH.**

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5), vol. II, chap. II, paras. 127-138.

[2] Ibid., para. 18.